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APR 18 2000

CACFP-613

Update on Child and Adult Care Food Program (CACFP) Participation  
by Proprietary Child Care Centers

STATE AGENCY DIRECTORS - Colorado DPHE, Iowa ED, Kansas ED,  
(Child Nutrition Programs) Missouri DH, Montana DPHSS,  
Nebraska ED, North Dakota, South Dakota,  
Utah and Wyoming ED

Attached are two memorandums dated July 6, 1999, and April 6, 2000, which were sent directly to State Agencies from our National Office. Our purpose of resending them in this numbered memorandum is that we can have a reference point if any questions should arise.

The April 6, 2000 memorandum clarifies that Temporary Assistance to Needy Families and Title XX funds may be pooled to make children "Title XX participants" for the purpose of establishing a proprietary center's eligibility for CACFP. See that memorandum for full details.

If you have any questions, contact our staff at (303) 844-0359.

Original Signed by  
Stella Nash

STELLA NASH  
Acting Regional Director  
Child Nutrition Programs

Attachments

bcc: CACFP/SFSP Staff  
School Programs Section  
Helena Field Office  
Denver Field Office  
Cheyenne Field Office



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park  
Center Drive  
Alexandria, VA  
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APR 06 2000

SUBJECT: Update on Child and Adult Care Food Program (CACFP) Participation by  
Proprietary Child Care Centers

TO: State Directors  
Child Nutrition Programs  
All States

Regional Directors  
Special Nutrition Programs  
All Regions

This memorandum is in follow-up to Ed Cooney's July 6, 1999, memorandum on the same subject. We wish to apprise you of the progress made in several States towards broadening access to CACFP benefits for low-income children whose parents have decided that their needs are best served in proprietary child care settings. In addition, we wish to address a question that has arisen with regard to State differences in funding subsidized care for low-income children.

Since last July, three States—Tennessee, New Jersey, and the District of Columbia—have begun to pool Title XX funds with other Federal child care subsidies. In so doing, these States have taken the first step toward making CACFP participation possible for more proprietary centers. In each of these States, the State agency has worked closely with proprietary child care associations and/or nutrition advocacy groups to ensure that the transition to pooling is accomplished in a manner which does not impede the State agency's ability to implement new management improvement measures in CACFP.


We also wish to answer a question that has arisen in one State, and which is certain to have an impact in other States as well. In some States, the child care of a significant number of low-income children is now Federally subsidized under the Temporary Assistance to Needy Families (TANF) Program. In fact, it is estimated that in Fiscal Year 1999, more low-income child care was subsidized by TANF funds than by the more traditional source of subsidies, the Child Care Development Block Grant (CCDBG), now known as the Child Care Development Fund, or CCDF. Because our July 6, 1999, memorandum referred only to the pooling of Title XX funds with CCDBG funds, some State administrators responsible for TANF have been uncertain whether the pooling of Title XX funds with TANF child care subsidies would also make children "Title XX participants" for the purpose of establishing a proprietary center's eligibility for CACFP.

The answer is yes. Our July 6, 1999, memorandum did not intend to restrict States' pooling options. Current statutory requirements governing CACFP participation by proprietary centers do not restrict pooling to the "Title XX with CCDBG" option alone.

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A State must simply use Title XX funds to subsidize a low-income child's care (whether those funds are used alone or in combination with CCDBG, TANF, or other child care subsidies) to make that child a "Title XX participant" for the purpose of establishing a proprietary center's eligibility.

Please contact Ed Morawetz or Melissa Rothstein if you have any questions concerning this memorandum.

  
for STANLEY C. GARNETT  
Director  
Child Nutrition Division



JUL 06 1999

United States  
Department of  
Agriculture

Food and  
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Service

3101 Park  
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On March 2, 1999, the Senate Committee on Agriculture, Nutrition and Forestry held an oversight hearing on the implementation of the William F. Goodling Child Nutrition Reauthorization Act of 1998 (Public Law 105-336) and on other issues pertaining to the child nutrition programs. At the hearing, the issue of CACFP participation by proprietary centers was raised. The discussion focused on two points: (1) proprietary center participation is allowed under current law if the center provides nonresidential day care services for which it receives compensation under Title XX of the Social Security Act (Social Services Block Grant) for at least 25 percent of its enrolled children or 25 percent of its licensed capacity, whichever is less; and (2) some States currently "pool" a limited amount of Title XX funds with Child Care Development Block Grant (CCDBG) funds to meet the requirement of the statute, thus maximizing the number of children served in CACFP.

As you know, proprietary centers in many States remain ineligible to participate in CACFP. There are three contributing factors: (1) a steady decline in Title XX funding; (2) the use of Title XX funds by States for services other than child care; and (3) the use of CCDBG funds as the primary funding source for child care assistance. In other States, CACFP participation by proprietary centers is limited by forgoing the pooling option. If Title XX funds are not pooled with other child care subsidy funds, then only those children whose care is funded entirely by Title XX are considered to be Title XX recipients, thus limiting proprietary center participation.

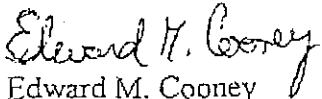
To increase CACFP access for low-income children in proprietary centers, witnesses at the Senate hearing in March expressed support for amending current law with respect to the Title XX funding requirement. They propose to allow participation by any proprietary center nationwide, if at least 25 percent of enrolled children meet the income requirements for free or reduced-price meals. Since 1990, centers in Kentucky and Iowa have operated under these modified rules, and their operational authority was

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permanently extended in the 1998 amendments. However, given present Federal budget restraints, making such a change nationally seems unlikely at this time. The senators at the hearing, nonetheless, were clearly interested in expanding CACFP's benefits through the use of pooling.

In the absence of a legislative remedy for increasing CACFP participation by proprietary centers, States may want to consider the pooling option. By using some of their Title XX funds to partially subsidize the child care services they provide to low-income families and pooling those funds with their CCDBG allotment, every child whose care is subsidized out of the funding pool can legally be considered a "Title XX child" for the purpose of establishing a proprietary center's program eligibility. Using Title XX funds in this manner extends the benefits of the CACFP to more low-income children, who in turn receive the higher quality care associated with participation in CACFP.

If your State would like to explore the pooling option, please contact your Food and Nutrition Service Regional Office. We would be happy to assist you in any way we can to expand participation in this important program by proprietary centers.

  
Edward M. Cooney  
Deputy Administrator  
Special Nutrition Programs